

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6309**

**BILL NUMBER: SB 161**

**NOTE PREPARED: Feb 2, 2004**

**BILL AMENDED:**

**SUBJECT:** Hospital Repayment of Medicaid Overpayment.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill eliminates a provision under which a hospital was allowed 180 days to respond to a notice that the hospital was overpaid by the Medicaid program. The bill makes hospitals subject to the general provision allowing 60 days for a response.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill would standardize the provisions that apply to Medicaid providers' procedures under the circumstances of a Medicaid overpayment. All providers that receive an overpayment notice are subject to interest payments on the amount that the Office determined was overpaid from the date of the overpayment. Procedurally, a provider may elect to request a hearing and appeal the overpayment determination but the interest accrues on the time the overpayment remains unpaid. The amount of interest revenue that may be involved in a determination of overpayment has nothing to do with how long the specific provider type has to respond to the initial notice; the interest is calculated from the time the overpayment was actually disbursed by the Office to the time when the provider repays the overpayment. If the administrative appeals process results in a determination that the provider was not overpaid, the Office would return the amount the Office believed was an overpayment plus any interest the provider may have included. The Office would also pay the provider interest on the money from the date of the provider's repayment.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** The Office of Medicaid Policy and Planning, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Melanie Bella, Assistant Secretary for Medicaid, Family and Social Services Administration, 317-233-4455.

**Fiscal Analyst:** Kathy Norris, 317-234-1360.